



Democrats' Health Care Agenda: A Bad Prescription of Government Spending and Control

In the middle of the COVID-19 public health emergency, House Democrats try again to capitalize on the crisis to advance their government command-and-control health-care agenda. Their latest bill, H.R. 1425, gives Washington the power to set the price of drugs despite knowing full well non-partisan analysis has determined such policies would result in fewer cures for Americans. And in a time of health and economic uncertainty, it also doubles down on Obamacare's biggest flaws including subsidies for America's highest earners while providing a blank check bailout to insurance companies.

Key Provisions in H.R. 1425:

- **Fewer Cures for Americans Hoping for New Medicines.** As the world desperately waits for a COVID-19 vaccine or treatment, the government would have the power to set prices of drugs, making the U.S. even less prepared for future pandemics. CBO estimates that price-setting policies like these will result in fewer cures and treatments coming to market.
- **This is Not a Negotiation, This is Coercion.** When a drug manufacturer refuses to "negotiate," the government taxes its revenue – starting at 65 percent and increasing to 95 percent. This penalty is so large, it forces the manufacturer to take the Washington bureaucrat's price or stop selling the drug in America. This is why government price controls will lead to fewer future cures, when even one cure lost is one too many.
- **Ignores Bipartisan Reforms.** Despite the fact there are many bipartisan reforms that would result in lower drug prices, this bill includes the most radical, controversial proposals and would have a devastating impact on some of the sickest patients.
- **Spending the Savings Doesn't Fix Real Problems.** H.R. 1425 uses the "savings" from price setting to expand entitlements, instead of saving and strengthening the broken Medicare program for future generations.
- **It's Unconstitutional.** An analysis by Congressional Research Service cautioned that giving the government the power to set drug prices could run afoul of the Fifth Amendment's takings clause as well as the Eighth Amendment's excessive fines clause.
- **Expanding Obamacare.** Rather than fix Obamacare's flawed structure, the bill creates a new entitlement program and cuts off access to lower cost coverage options that have served as a lifeline for many. It provides \$400 million to prop up ACA enrollment, including \$100 million for the failed navigators program, \$100 million for outreach and enrollment, and \$200 million for states to boost ACA enrollment with no strings attached.
- **Provides Subsidies for Some of the Wealthiest Americans.** Removing the subsidy cap diverts taxpayer dollars to some of the highest earners in this country, including those making over \$100,000 a year.
- **A Blank Check Bailout for Insurance Companies.** Provides \$10 billion in bailouts for insurance companies every year, in perpetuity.
- **Strong Arms States into Expanding Medicaid.** In an attempt to force states to expand Medicaid, the bill penalizes non-expansion states by reducing their administrative federal medical assistance percentage, or FMAP.